PROPOSED CONFERENCE REPORT NO. 1
SEPTEMBER 9, 2003

AMENDED IN SENATE JUNE 27, 2003

AMENDED IN ASSEMBLY JUNE 3, 2003

AMENDED IN ASSEMBLY JUNE 2, 2003

AMENDED IN ASSEMBLY MAY 14, 2003

AMENDED IN ASSEMBLY APRIL 22, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL No. 1528

Introduced by Assembly ~~Member~~ *Members* Cohn, *Frommer, and Pacheco*
(Principal coauthor: Senator Alpert)

February 21, 2003

An act *to add Chapter 8 (commencing with Section 127670) to Part 2 of Division 107 of the Health and Safety Code,* relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1528, as amended, Cohn. ~~Healthy California Act of 2003~~ *California Health Care Quality Improvement and Cost Containment Commission.*

Existing law provides health care coverage programs to segments of the population meeting specified criteria who are otherwise unable to obtain health care coverage.

This bill would state the intent of the Legislature to ~~enact the Healthy California Act of 2003 to ensure access to health care coverage for all Californians~~ *make available valid performance information to encourage hospitals and physicians to provide care that is safe, medically effective, patient-centered, timely, efficient, and equitable. The bill would require the Governor to convene the California Health Care Quality Improvement and Cost Containment Commission and would specify the composition of the commission. The bill would require the commission to examine and address specified health care issues. The bill would require the commission to issue a report to the Legislature and the Governor, on or before January 1, 2005, making recommendations for health care cost containment*.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ *yes*. State-mandated local program: no.

The people of the State of California do enact as follows:

~~SECTION 1. It is the intent of the Legislature to enact the Healthy California Act of 2003 to ensure access to health care coverage for all Californians by :~~

~~(a) Enacting a standard uniform benefit package that is universally available without barriers through health care service plans and health insurers.~~

~~(b) Requiring individual responsibility and accountability to secure and maintain health care coverage.~~

~~(c) Ensuring that all persons eligible for Medi-Cal, the Healthy Families Program, or other governmental health care coverage or assistance are enrolled in the specific program and receive the services to which they are entitled.~~

~~(d) Requiring universal employer participation.~~

~~(e) Providing public support, in varying degrees, for all persons, through tax policies, subsidies, and sponsorships.~~

~~SEC. 2. It is the goal of this act to achieve the maximum feasible enrollment of Californians in health plans that offer, at a minimum, a standard uniform benefit package to all individuals.~~

SECTION 1. Chapter 8 (commencing with Section 127670) is added to Part 2 of Division 107 of the Health and Safety Code, to read:

CHAPTER 8. CALIFORNIA HEALTH CARE QUALITY COST CONTAINMENT COMMISSION

127670. The Legislature finds and declares the following:

(a) California's health care system needs to be reformed to provide high quality accessible, affordable, and equitable care and treatment.

(b) Too many Californians are unable to obtain affordable, high quality health care.

(c) The rising costs associated with health care are driven by numerous factors, including, but not limited to, the following:

(1) Prescription drug spending, including costs of research and development and marketing and increased drug utilization.

(2) Hospital rates.

(3) Health insurance premium rates.

(4) Provider rates.

(5) Health system inefficiencies.

(6) Fraud and abuse in the health care system.

(7) Technology development and utilization.

(8) Emergency room overutilization.

(9) Inequitable allocation of services and treatment to different segments of the population.

(10) Cost shifting, which occurs when the costs of providing uncompensated health care to uninsured individuals is shifted to those with health insurance driving health care prices and insurance premiums higher.

(d) Health care cost containment is an important part of enabling the health care coverage system to provide high quality care in a manner that improves patient outcomes.

(e) Evidence-based medicine may improve cost-effectiveness and care to patients by using scientific evidence to determine clinical practice, drug therapy, and other measures that improve the quality of care in a cost-effective manner while taking into account the special needs of individual patients. To improve quality as well as cost-effectiveness, evidence-based medicine should take into account the special needs of persons with disabilities as well as the racial, ethnic, and gender disparities in health research and the provision of health care.

(f) Chronic diseases, such as heart disease, stroke, asthma, cancer, and diabetes, are among the most prevalent, costly, and

preventable of all health problems. Seventy-eight percent of health care costs can be attributed to the treatment of chronic conditions. "Disease management" provides a strategy to improve patient health outcomes and limit health care spending by identifying and monitoring high-risk populations, helping patients and providers better adhere to proven interventions, engaging patients in their own care management, and establishing more coordinated care interventions and follow-up systems to prevent unnecessary and expensive health complications. These disease management strategies should be tailored to fit the needs of each patient. Disease management is most effective when it takes into account racial, ethnic, and gender disparities in health research and the provision of health care.

(g) Without reform, California's health care system may fail to deliver the affordable quality care that all Californians deserve.

(h) It is the intent of the Legislature to make available valid performance information to encourage hospitals and physicians to provide care that is safe, medically effective, patient-centered, timely, efficient, and equitable. It is also the intent of the Legislature to strengthen the ability of the Office of Statewide Health Planning and Development to put hospital performance information into the hands of consumers, purchasers, and providers.

(i) It is the intent of the Legislature to encourage health care service plans, health insurers, and providers to develop innovative approaches, services, and programs that may have the potential to deliver health care that is both cost-effective and responsive to the needs of enrollees.

127671. (a) The Governor shall convene the California Health Care Quality Improvement and Cost Containment Commission, hereinafter referred to as "the commission," to research and recommend appropriate and timely strategies for promoting high quality care and containing health care costs.

(b) The commission shall be composed of 27 members who are knowledgeable about the health care system and health care spending.

(c) The Governor shall appoint 17 members of the commission, as follows:

(1) Three representatives of California's business community, including at least one representative from a small business.

(2) Two representatives from organized labor, one of whom represents health care workers.

(3) Two representatives of consumers.

(4) Two health care practitioners, including at least one physician.

(5) One representative of the disabilities community.

(6) One hospital industry representative.

(7) One pharmaceutical industry representative.

(8) Two representatives of the health insurance industry, one with expertise in managed health care delivery systems and one with expertise in health insurance underwriting and rating.

(9) One representative of academic or health care policy research institutions.

(10) One health care economist.

(11) One expert in disease management techniques and wellness programs.

(d) The Senate Committee on Rules shall appoint four members, with two from the majority party and two from the minority party.

(e) The Speaker of the Assembly shall appoint four members, of which two members shall be the chair and vice chair of the Assembly Committee on Health.

(f) The Secretary of the Health and Human Services Agency and the Director of the Department of Managed Health Care shall serve as members of the commission.

(g) The Governor shall appoint the chairperson of the commission.

(h) The commission shall, on or before January 1, 2005, issue a report to the Legislature and the Governor making recommendations for health care quality improvement and cost containment. The commission shall, at a minimum, examine and address the following issues:

(1) Assessing California health care needs and available resources.

(2) Lowering the cost of health care coverage.

(3) Increasing patient choices of health coverage options and providers.

(4) Improving the quality of health care.

(5) Increasing the transparency of health care costs and the relative efficiency with which care is delivered.

(6) Potential for integration with workers' compensation insurance.

(7) Use of disease management, wellness, prevention, and other innovative programs to keep people healthy while reducing costs and improving health outcomes.

(8) Consolidation of existing state programs to achieve efficiencies where possible.

(9) Efficient utilization of prescription drugs and technology.

(h) Notwithstanding any other provision of law, the members of the task force shall receive no per diem or travel expense reimbursement, or any other expense reimbursement.

O